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M E M O R A N D U M

To: Chief Fiscal Officers, MMARS Liaisons and Payroll Directors, HR Directors

From: Martin J. Benison, Comptroller  
Patricia S. Wada, Acting Personnel Administrator  
Ellen Philbin, Executive Director, State Retirement Board

Date: January 29, 2002

Re: Early Retirement Incentive Program

This communication will address some of the issues that have been raised as a result of the recent passage of Chapters 218 and 219 of the Acts of 2001 for those employees that will be retiring on February 1, 2002, March 15, 2002, June 15, 2002 and June 30, 2002.

Employees who are otherwise eligible for the Early Retirement Incentive Program (ERIP) due to age and years of service must also be paid from certain state budgeted funds to qualify for the program. These include:

- 1) Employees in positions that were assigned to accounts in Account Type 01 or Fund 015, for the pay period ending 12/29/01, or
- 2) Employees who received more than 50% of their pay from accounts in Account Type 01 or Fund 015 for the pay period ending 12/29/01, or
- 3) Employees who received more than 50% of their pay from accounts in Account Type 01 or Fund 015 for the pay periods between July 1, 2001 through December 29, 2001.

A report with these employees' names will be sent to ViewDirect by Wednesday, January, 30, 2002. Employees will be instructed on their pay advice on Friday, February 1, 2002 to contact their CFO or payroll director to confirm whether they were paid from state funds. The Retirement Board will also have a statewide copy of a list that will indicate who is not paid from state budgeted funds. The Judicial Branch and UMASS are not included on this list.

The State Board of Retirement will send Salary Forms to the Department Payroll Office for each member who has applied for ERIP. If an employee withdraws, his/her application for retirement the State Retirement Board will again notify the Payroll Office. When it is confirmed that an employee is retiring under the Early Retirement Incentive Program, departments should terminate the employee with the following codes:

Action Code: TWP – Termination With Pay

Reason Code: ERT – Early Retirement Incentive

These codes will enable the department to make payments in lieu of accrued vacation time and unused sick leave without rehiring the individual. There will also be an option for prescheduling these payments. Payments for these benefits should be made in 3 equal payments on the first biweekly payperiod for each fiscal year: FY2003, FY2004, FY2005 as follows:

First Payment: FY2003

First payperiod 6/30/2002 – 7/13/2002  
Payday 7/19/2002

Second Payment: FY2004

First payperiod 6/29/2003 – 7/12/2003  
Payday 7/18/2003

Third Payment: FY2005

First payperiod 6/27/2004 – 7/10/2004  
Payday 7/16/2004

Note: It is recommended that employees remain on Direct Deposit for these payments.

There will be a new data field on the position location page called ERIP position. When an employee retires under ERIP, the position must be “checked” as an ERIP position. All positions identified in HRCMS as ERIP positions will be inactivated until they appear on a schedule identified in Chapter 218, Section 8 and Chapter 219, Sections 7, 9, and 11.

Section 12A of Chapter 219 requires “A state agency with an employee opting into the retirement incentive program under this act shall submit to the House and Senate Committees on Ways and Means a report detailing the amounts of sick and vacation time accrued for each such employee” The Human Resources Division will file this report for all departments covered under Chapter 219, except the University of Massachusetts.

This communication addresses only those issues related with employees leaving the Commonwealth under the ERIP program. Subsequent instructions will be forthcoming to deal with refilling positions vacated through the Early Retirement Incentive Program, etc. If you have questions regarding this memo, please contact Elizabeth Kilcoyne, Deputy Comptroller at 617-973 2619.